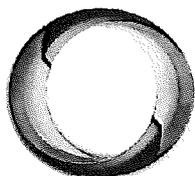


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ORPHEUS
Energy

ORPHEUS ENERGY LIMITED
SECURITIES TRADING POLICY

October 2011

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1 Introduction and Purpose

- 1.1 These guidelines set out the policy on the sale and purchase of **Securities** in Orpheus Energy Limited (ACN 121 257 412) ("**Orpheus Energy** or "**Company**") by its **Designated Officers**. The **Company** includes a subsidiary of the Company.
- 1.2 **The Company** has determined that its **Designated Officers** are its **Key Management Personnel**, including Directors and the direct reports of the Company's Managing Director, and any other person designated by the company secretary as a **Designated Officer** for the purposes of this policy.
- 1.3 **Designated Officers**, employees and consultants of the Company are encouraged to be long-term holders of the Company's Securities. However, it is important that care is taken in the timing of any purchase or sale of such Securities.
- 1.4 **Key Management Personnel** are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
- 1.5 **Securities** includes ordinary shares of the Company and any structured financial product, swap, futures contract, option, warrant, or other derivative over any ordinary share of the Company, whether issued by the Company or a third party, and any other interest in an ordinary shares of the Company; including units in trusts, debentures, prescribed interests and rights or options to subscribe for shares, units, debentures or prescribed interests.
- 1.6 **Trade or Trading** includes:
- a) applying for, acquiring or disposing of, Securities;
 - b) entering into an agreement to apply for, acquire or dispose of, Securities; and
 - c) granting, accepting, acquiring, disposing, exercising or discharging an option or other right or obligation to acquire or dispose of Securities.

2 Who does this Policy Apply to?

- 2.1 This policy imposes trading restrictions on **Designated Officers** (as defined) and any body corporate, nominee company, superannuation fund, superannuation trust and family trust to which the **Designated Officer** controls or any investment manager on their behalf.

3 Insider Trading Laws

- 3.1 Insider trading laws cover all directors and employees (including contractors) of the Company. If you have any inside information which is not publicly known, it may be a criminal offence for you to:
- a) trade in Orpheus Energy Securities,
 - b) advise or procure another person to trade in Orpheus Energy Securities, or
 - c) pass on inside information to someone else – including colleagues, family or friends – knowing (or where you should have reasonably known) that the other person will use that information to trade in, or procure someone else to trade in, Orpheus Energy Securities.
- 3.2 This offence, called "insider trading", can subject you to criminal liability including large fines and/or imprisonment, and civil liability, which may include being sued by another party or Orpheus Energy, for any loss suffered as a result of illegal trading or being fined under civil penalty provisions.

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3.3 What is “Inside Information”?

Inside information cannot be precisely defined here, but generally it is information that:

- is not generally available, and
- if it were generally available, it would – or would be likely to – influence investors in deciding whether to buy or sell Orpheus Energy Securities.

It does not matter how you come to know the **Inside Information** (including whether you learn it in the course of carrying out your responsibilities or in passing in the corridor, or in a lift, or outside the work environment).

The financial impact of the information is an important factor but strategic and other implications can be equally important in determining whether information is **Inside Information**. The definition of information is broad enough to include rumours, matters of supposition, intentions of a person (including Orpheus Energy) and information that is insufficiently definite to warrant disclosure to the public.

3.4 Examples of Inside Information

To illustrate the prohibition described above, the following are possible examples of price sensitive information which, if made available to the market, may be likely to affect materially the price of the Company’s Securities:

- information regarding preliminary drilling and explorations results or resource or reserve statements of Orpheus Energy;
- information on the outcome of any economic studies, such as Pre-Feasibility Studies and Definitive Feasibility Studies;
- the Company considering the acquisition, expansion or disposal of an interest in a major project;
- information relating to the Company’s financial results or forecasts results
- an event which could have a material impact (either positively or negatively) on projects, production or profits (for example, significant change to a contract or customer, a significant safety or environmental incident);
- potential declaration of dividends;
- a possible change in the Company’s capital structure;
- board or senior management changes;
- a proposed takeover or merger involving Orpheus Energy; or
- the threat of major litigation by or against the Company;
- a notification to ASX, of a substantial shareholding in Orpheus Energy.

With respect to dealing with security analysts, institutional investors and journalists, **only authorised spokespersons should make public statements on behalf of the Company**. Employees who receive queries must not make any comment beyond saying they will refer to the Company’s authorised spokesperson, and must promptly refer the query to the Company’s authorised spokesperson.

4 Restrictions on Trading

4.1 Insider Trading is prohibited at all times

Notwithstanding any other provisions in this policy, if you possess **Inside Information**, you must not trade in Orpheus Energy Securities, advise, or get others to do so, or pass on the **Inside Information** to others. This prohibition applies regardless of how you learn the information.

The prohibition on insider trading is not restricted to information concerning the Company's Securities. If a person has inside information in relation to Securities of another company that is not publicly available, that person must not trade in those Securities.

You should note that the prohibition on insider trading extends to the employee's spouse, dependants, other family members, and to their family companies and trusts if they have come into possession of Inside Information about Orpheus Energy in any way.

4.2 Black Out Periods

Designated Officers must not, except in **Exceptional Circumstances** trade in Securities of the Company during the following periods ("**Blackout Periods**"):

a) the period commencing 2 weeks prior to the release of the Company's quarterly, half yearly and full financial year reports, results to the Australian Securities Exchange (ASX) and ending 24 hours after such release; and

b) two weeks before lodgement and during the period that a disclosure document including a prospectus is open for applications except to the extent that a Designated Person is applying for Securities pursuant to that disclosure document.

c) However, if an employee, contractor or **Designated Officer** is in possession of **Inside Information** which is not generally available to the market, then he or she must not trade in the Company's Securities at any time.

4.3 Discretion of the Chairman and Company Secretary

The Company may at its discretion vary this rule in relation to a particular **Blackout Period** by general announcement to all **Designated Officers** either before or during the **Blackout Period**. The ability to trade in the Company's Securities may also be restricted at any time by the Chairman or the Company Secretary.

4.4 Hedging

Employees are prohibited under the Policy from entering into any schemes or arrangements that protect the value of shares, options or performance rights allocated under Orpheus Energy incentive schemes prior to them becoming fully vested. Any breach of this prohibition will also constitute a breach of the conditions of grant and could result in the forfeiture of the shares, options or performance rights.

4.5 No Short Term Trading

Designated Officers must not engage in the business of active trading in Securities. This means that **Designated Officers** must not actively trade in Securities in a manner which involves frequent and regular trading activity, with a view to deriving profit related income from that activity.

5 Exceptional Circumstances

5.1 Exceptional Circumstances when trading may be permitted subject to prior written clearance

A person may trade in the Company's Securities inside a **Blackout Period**, subject to obtaining prior written clearance in accordance with the procedure described below, in the following "**Exceptional circumstances**":

- a) if the person granting the prior written clearance is satisfied that the person seeking the clearance does not possess Inside Information about the Company and the person seeking clearance is in severe financial hardship;
- b) if the person granting the prior written clearance is satisfied that the person seeking the clearance does not possess Inside Information about the Company and there are other circumstances deemed to be exceptional by the person granting the prior written clearance;
- c) where trading is required for compliance with a court order or court enforceable undertakings or for some other legal or regulatory requirement; or
- d) any circumstances that the Chairman (or where the Chairman is applying, two directors) deem to be Exceptional Circumstances.

All applications are to be directed in writing to the Chairman, other than the Chairman who will need to apply to two other directors. Email is acceptable.

6 Trading Not Subject to this Policy

6.1 Designated Officers are permitted to trade in the Company's Securities in the following circumstances:

- a) acquire ordinary shares in the Company by conversion of Securities giving a right of conversion to ordinary shares;
- b) acquire Company Securities under a bonus issue made to all holders of Securities of the same class;
- c) acquire Company Securities under a dividend reinvestment, or top-up plan that is available to all holders or Securities of the same class;
- d) acquire, or agree to acquire or exercise options under a Company incentive plan;
- e) transfer Securities of the Company already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
- f) where a **Designated Officer** is a trustee, trade in the Securities of the Company by that trust, provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the **Designated Officer**;
- g) undertake to accept, a takeover offer;
- h) trade under an offer or invitation made to all or most of the security holders, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access

buy-back, where the plan that determines the timing and structure of the offer has been approved by the board.

i) dispose of Securities of the Company resulting from a secured lender exercising their rights, for example, under a margin lending arrangement;

7 Notification of periods when Designated Officers are not permitted to trade

7.1 The Company Secretary will endeavour to notify all Directors or Key Management Personnel of the times when they are not permitted to buy or sell the Company's Securities as set out in paragraph 4.2.

8 Approval Requirements

8.1 **Designated Officers** must not trade in the Company's Securities at any time, including during a **Blackout Period** at any time and in the **Exceptional Circumstances** referred to above, unless the **Designated Officer** obtains prior written clearance from the Chairman; and in his absence the Company Secretary or Managing Director. The Chairman should obtain prior written clearance from at least two Directors of the Company.

8.2 A request for prior written clearance under this policy should be made in writing using the form attached to this policy entitled 'Securities Trading Request Notice' and given to the Chairman. The request may be submitted in person, by mail, by email or by facsimile via the Company Secretary.

8.3 Any written clearance granted under this policy will be valid for the period of 5 business days from the time at which it is given or such other period as may be determined by the Chairman or approving Directors.

8.4 The expiry time of the clearance will be stated in the clearance granted. Written clearance under this policy may be given in person, by mail, by email or by facsimile.

9 Safest times to Trade in the Company's Securities

9.1 Strictly speaking, there is no particular time during which it is safe to deal in the Company's Securities. The sole test is whether, at the particular time, a director or employee is in possession of Insider Information which is not generally available in the market.

9.2 As a matter of practice, however, the following periods are the most appropriate times for directors and employees to deal in Securities in the Company:

- in the four weeks following the release of the annual results;
- in the four weeks following the release of the half-yearly results;
- in the four weeks following the annual general meeting.

10 ASX notification by directors

10.1 The Corporations Act obliges a director to notify the ASX within 14 days after any trading in the Company's shares (either personally or through a third party) which results in a change in the relevant interests of the director in the Company's shares.

- 10.2 In addition, under the ASX Listing Rules the Company is required to notify the ASX of such dealings within 5 business days of such dealings taking place. Directors have agreed with the Company to provide notice of such dealings to the Company as soon as possible after such dealings to enable the Company to comply with its obligations under the Listing Rules. A notice given by the Company to the ASX under the ASX Listing Rules satisfies the director's obligations to notify the ASX under the Corporations Act. Any director requiring assistance in this regard should contact the Company Secretary.

11 Additional Obligations of Directors

- 11.1 Upon appointment as a director of Orpheus Energy the director must immediately furnish the Company Secretary with a completed Appendix 3X in compliance with the Listing Rules.
- 11.2 During the period any person remains a director of Orpheus Energy the director must upon the acquisition or disposal of any notifiable interest in Company Securities give a completed Appendix 3Y in compliance with the Listing Rules to the Company Secretary no later than 5 business days after the relevant acquisition or disposal has occurred.
- 11.3 Upon resigning as a director of Orpheus Energy the director must give to the Company Secretary a completed Appendix 3Z in compliance with the Listing Rules within 5 business days of the resignation.

12 Breaches of Policy

Strict compliance with this policy is mandatory for all Orpheus Energy **Designated Officers** covered by this policy. Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

13 More Information

For more information about this policy or clarification on when an employee may or may not trade please contact the Company Secretary.

14 Publication

A copy of this policy will be available on the Company's website at www.orpheusenergy.com.au > Corporate Information > Corporate Governance.

15 Review

This policy will be reviewed yearly by the Board.

This policy was approved by the board of directors in October 2011 and is the 2nd version of this policy.